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TRANSCRIPT OF MEETING  
of  
STATE LANDS COMMISSION

JULY 15, 1957 10:00 a.m.

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PARTICIPANTS:

THE COMMISSION:

Messrs. Harold J. Powers, Chairman  
Robert C. Kirkwood  
T. H. Mugford

STATE LANDS DIVISION:

Messrs. F. J. Hortig  
Kenneth C. Smith  
Mrs. Julia Stahl

OFFICE OF THE ATTORNEY GENERAL:

Messrs. Leonard Friedman  
Jay Shavelson

APPEARANCES:

Assemblyman Jack Schrade, San Diego

RE:

ITEM 17 RICHFIELD OIL CO. - Causeway at Ventura:  
Mr. Kenneth Cook, Richfield Oil Company

ITEM 20 DIVISION OF FORESTRY Exchange of Lands  
Mr. DeWitt Nelson, Director of  
Department of Natural Resources

ITEMS 18,  
19, 22 CITY OF LONG BEACH:  
Mr. Harold Lingle, City Attorney

ITEM 25 PROCEDURE UNDER AB 47:  
Mr. Paul K. Home, Standard Oil Co. of Calif.  
Mr. William R. Gardner, Humble Oil & Refining

Reporter:  
Louise H. Lillico  
Division of Administrative Procedure

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1 Mr. Pearce being absent, it was moved and seconded  
2 that Governor Powers act as Chairman.

3 GOV. POWERS: All right. The meeting to be in order.  
4 First, the minutes of the last meeting, Frank?

5 MR. KIRKWOOD: Move the minutes ....

6 GOV. POWERS: Seconded by Mr. Mugford.

7 MRS. STAHL: There was a correction.

8 GOV. POWERS: All right. The minutes are approved  
9 as corrected. We will proceed with the calendar items.

10 MR. HORTIG: If the Commission please, we may take  
11 some of these items out of order because of requests for  
12 holding, because of possible late arrival of people who are  
13 interested in them. The 7 a.m. plane this morning out of  
14 Los Angeles left at 8:39 and Director Nelson, who is interested  
15 in one of the items, has requested if at all possible that the  
16 Commission not consider it until 11 o'clock, at which time  
17 he can be here.

18 GOV. POWERS: Sure, that's agreeable. What item do  
19 you wish to take up?

20 MR. HORTIG: Page 1 would be in order.

21 GOV. POWERS: All right.

22 MR. HORTIG: The Douglas Oil Company of California,  
23 who have one of the leases at Huntington Beach on which  
24 there has been exploration and in this case actually two  
25 wells drilled for development and on production, have  
26 requested a deferment of further drilling and operating

1 requirements in order to permit analyses of geological and  
 2 mechanical information which they have and additional in-  
 3 formation which they believe will become available on  
 4 adjoining properties; and, therefore, it is recommended  
 5 the executive officer be authorized to grant Douglas Oil  
 6 Company a deferment under the lease ....

7 MR. KIRKWOOD: I move.

8 GOV. POWERS: Mr. Kirkwood moved, seconded by Mr.  
 9 Mugford, that the calendar item be granted. No objection?  
 10 That will be the order. Now ...

11 MR. HORTIG: Page 2. The Commission may recall there  
 12 are mineral extraction leases in Owens Lake for the extrac-  
 13 tion of various industrial chemicals. Columbia-Southern  
 14 Chemical Corporation has requested that a new, additional  
 15 mineral extraction lease be offered under competitive public  
 16 bidding for limited areas, as are described in the tabula-  
 17 tions attached under this calendar item. It is recommended  
 18 that the Commission authorize the offer of the lease under  
 19 competitive bidding ....

20 MR. KIRKWOOD: I move.

21 GOV. POWERS: Mr. Kirkwood moves, seconded by Mr.  
 22 Mugford, that this recommendation of the Commission be  
 23 granted.

24 MR. HORTIG: Page 4. The Commission has previously  
 25 authorized, after competitive public bidding, the issuance  
 26 of a mineral lease in Inyo County for extraction of gold,

1 under which the operators have had extreme difficulty  
 2 getting equipment and, even more so, personnel. They have  
 3 requested additional deferment of operating requirements  
 4 for a period of two years, with the anticipation that  
 5 development of the lease may be resumed. There would be  
 6 no benefit to the State in cancelling the lease at this  
 7 time. The annual rentals are being paid. There being no  
 8 detriment in continuing the lease, in the opinion of the  
 9 staff, it is recommended that the request be granted.

10 MR. KIRKWOOD: Move .

11 GOV. POWERS: Yes. Moved and seconded that the  
 12 deferment be granted.

13 MR. HORTIG: Page 5.... a situation in which the  
 14 mineral lease has been granted following work under a pros-  
 15 pecting permit, but there has been extreme difficulty in  
 16 developing commercial grades of uranium ore, although ....

17 MR. KIRKWOOD: Move.

18 GOV. POWERS: Moved and seconded that this authorization  
 19 be granted.

20 MR. HORTIG: Page 6 - next calendar item.

21 MR. SMITH: Sale of vacant school land. I shall read  
 22 the recommendation.

23 MR. KIRKWOOD: These are routine?

24 MR. SMITH: These are routine.

25 MR. KIRKWOOD: I move the recommendation.

26 GOV. POWERS: It has been moved and seconded that these

1 be granted. No objection? So will be the order. That  
2 takes us up to 10.

3 MR. SMITH: Inclusive. That is routine acquisition of  
4 Federal land. The applicant has cancelled his application  
5 with the State and it is recommended that the Commission  
6 determine that it is to the advantage of the State to select  
7 the acreage, containing 160 acres in San Bernardino County,  
8 and that the Commission approve the sale in accordance with  
9 regulations governing this land.

10 MR. KIRKWOOD: Move.

11 GOV. POWERS: Moved and seconded that this be done.  
12 I would like to ask one question. In making this exchange  
13 of lands, you never get acre per acre.

14 MR. SMITH: That's what this is -- acre per acre; but  
15 on an outright exchange ....

16 GOV. POWERS: Mr. Mugford has a phone call and will be  
17 excused.

18 MR. SMITH: ... the exchange is made on the basis of  
19 equal value.

20 GOV. POWERS: Equal value but not equal acreage.

21 MR. SMITH: Not equal acreage. The selections are made  
22 on the basis of equal value.

23 MR. HORTIG: Page 11. It is requested that the Com-  
24 mission defer consideration at this time. There has been  
25 a question raised with respect to the legal procedure, with  
26 the Attorney General's office.

1 Page 12....

2 MR. SMITH: Sale of vacant Federal land. It is recom-  
3 mended that the Commission determine that it is to the  
4 advantage of the State to select the Federal land embraced  
5 in 481.76 acres in Stanislaus County; that the Commission  
6 find that said Federal land is not suitable for cultivation;  
7 that the Commission approve the sale of said land to the  
8 applicant for cash.

9 MR. KIRKWOOD: I move it.

10 GOV. POWERS: Moved -- and the recommendation will be  
11 granted.

12 MR. HORTIG: Page 13. To clarify the record, it is  
13 recommended that the Commission authorize a correction of  
14 the lease number reference in the minutes of May 13. This  
15 is actually the item which is flagged in the front page of  
16 the minutes.

17 GOV. POWERS: It has been moved that we grant this cor-  
18 rection. No objection? Such will be the order.

19 MR. HORTIG: I am sorry. This is a second one, similar.

20 MR. KIRKWOOD: I move it.

21 GOV. POWERS: Correction is granted, then.

22 MR. HORTIG: Page 14. As the Commission knows, the  
23 Division of Lands has a service contract with the Division  
24 of Audits of the Department of Finance for execution of  
25 certain audit work in Long Beach in connection with Chapter  
26 29 and on estimates furnished by the Division of Audits

1 just before the close of the fiscal year, the Director of  
 2 Finance indicated informally that subject to Commission  
 3 approval the staff were authorized to encumber the funds  
 4 to provide for an increase for payments through the fiscal  
 5 year of \$1,500.00. This item is, in effect, to confirm the  
 6 action which has been taken and had to be taken before  
 7 June 30 to be effective.

8 MR. KIRKWOOD: I'd move the approval.

9 GOV. POWERS: It has been moved and seconded that the  
 10 approval be granted.

11 MR. HORTIG: Page 15 is the explanation. Page 16 ...  
 12 On May 13, the Commission authorized the issuance of a  
 13 lease at increased rental rates over the normal rates to  
 14 take the place of a performance bond, which the lessee at  
 15 the time felt he could not furnish. Since that time the  
 16 lessee submitted the performance bond and has requested  
 17 that the normal type of lease be issued rather than the  
 18 special type. Recommending that the Commission modify the  
 19 minutes .....

20 MR. KIRKWOOD: I move that.

21 GOV. POWERS: It is moved. So will be the order.

22 MR. HORTIG: Page 17. In connection with the lease  
 23 which the Commission has heretofore authorized to Richfield  
 24 Oil pursuant to competitive public bidding in Rincon Field,  
 25 Ventura County, an application has been received for approval  
 26 of a causeway to connect the mainland with the offshore

1 drilling island. The causeway has been designed by consult-  
 2 ing structural engineers and the United States Corps of  
 3 Engineers have issued a statement of nonobjection to the  
 4 construction, insofar as navigation interests are concerned.  
 5 Therefore, it is recommended that the Commission authorize  
 6 the approval of the location and construction by Richfield  
 7 Oil Company of an open pile causeway connecting the filled  
 8 land drillsite on P.R.C. 1466.1 with the upland in Ventura  
 9 County.

10 MR. KIRKWOOD: Is this strictly legal?

11 MR. SMITH: Yes sir.

12 MR. SHAVELSON: I haven't studied it, frankly. I  
 13 don't see anything here ....

14 MR. KIRKWOOD: Well, they aren't allowed to use piers.

15 MR. HORTIG: This cannot be used for drilling, sir.  
 16 All drilling will be on the island. This is just a means  
 17 of getting from the upland to the island. We have an analo-  
 18 gous instance, but shorter, in Monterey. This is in Ventura  
 19 County and Ventura County had no objection to the original  
 20 construction of the islands either.

21 MR. KIRKWOOD: What kind of a bond for the removal of  
 22 the structure is there?

23 MR. HORTIG: None additional contemplated in view of the  
 24 large bond already in for the island and for operations  
 25 under the lease as such, which it is contemplated will also  
 26 effectively cover this. The structure as proposed is going

1 to be relatively simple, comparatively simpler than any  
2 other structures on the lease.

3 MR. KIRKWOOD: Do you think there should be any question,  
4 Jay, on this?

5 MR. SHAVELSON: I don't think I'd like to say, just  
6 looking at it this quickly. When I read over it, I didn't  
7 think there was. There's certainly general authority in  
8 the Commission. We would be glad to study the question.

9 MR. KIRKWOOD: I hate to hold the thing up.

10 MR. HORTIG: May I suggest we do have an analogy, in  
11 part at least, as heretofore indicated. We do have auxiliary  
12 piers facilities adjoining the Monterey island, with all  
13 the Monterey drilling operations being conducted on the  
14 island. It is for easy access, storage and transport of  
15 materials. It does not reach the shore, but there is a pier  
16 there in conjunction with the drilling island.

17 MR. MUGFORD: Could the Commission take the action of  
18 approving it subject to the Attorney General's finding no  
19 difficulty?

20 MR. KIRKWOOD: Is anyone here from Richfield?

21 MR. HORTIG: Mr. Cook.

22 GOV. POWERS: Do you have any comment on this, Mr. Cook?

23 MR. COOK: We had a check by our legal staff and there  
24 was no question in their minds about the legality of it.

25 MR. KIRKWOOD: Is this something that's a rush job?  
26 Would it hold you up if we did ask for just an A. G.'s ....

1 MR. COOK: We have the island under construction at the  
2 present time and if this could be built simultaneously it  
3 would be a help.

4 GOV. POWERS: Shall we pass it with the approval of  
5 the Attorney General if he acts in a reasonable time?

6 MR. KIRKWOOD: Yes, let's put it on the basis of  
7 approval, unless within ten days the Attorney General asks  
8 that further time be given. That wouldn't hold you up any  
9 material amount of time.

10 GOV. POWERS: The Commission will vote for the recom-  
11 mendation of approval of Item 17, with the understanding of  
12 ten days' approval or disapproval by the Attorney General.  
13 No objection? That will be the order then. Then, next . . .

14 MR. HORTIG: Pages 18 through 23 I can summarize for  
15 the Commission. You have the record of legislative action  
16 before you. The principal interest, of course, is the fact  
17 that the Governor has signed A.B. 47, so that later discus-  
18 sions which we have in this calendar, which are predicated  
19 on A. B. 47 possibly becoming effective, can be discussed  
20 on the basis that it is effective.

21 GOV. POWERS: It is approved.

22 MR. HORTIG: The balance are routine. To the moment,  
23 we know of no veto of any of the bills that were forwarded  
24 to the Governor, bills which will affect the Lands Commission.

25 GOV. POWERS: That will come the day after tomorrow.

26 MR. HORTIG: Right.

1 MR. KIRKWOOD: Are we going to have to promulgate any  
2 regulations under this legislation?

3 MR. HORTIG: Yes, under A. B. 80.

4 MR. KIRKWOOD: Is that in process?

5 MR. HORTIG: It is in initial study because some of  
6 the modifications under A. B. 80 of the Public Resources  
7 Code related to geological and geophysical permits. The  
8 legislative intent was that, inasmuch as the language that  
9 such operations may be freely conducted has been stricken,  
10 it was contemplated that the Commission would remove the  
11 first five hundred feet without inspection from the rules  
12 and regulations. It is going to have to be reviewed by the  
13 Commission as to whether it should be done, in fact.

14 GOV. POWERS: What do you wish to do on this?

15 MR. HORTIG: This is merely an informative item for  
16 you gentlemen.

17 GOV. POWERS: No action to take on that?

18 MR. HORTIG: Right. Scurrying through, page 24 through  
19 36 represent actions taken under executive authority hereto-  
20 fore, under authorization from the Commission. It is recom-  
21 mended that the Commission confirm these actions.

22 MR. KIRKWOOD: These have been reviewed. I would move  
23 the approval.

24 GOV. POWERS: Recommending the action of the executive  
25 officer, page 24 through 36. All right. That action then  
26 is confirmed. There is no objection.

1 MR. HORTIG: Page 37, gentlemen.

2 GOV. POWERS: Supplemental - Long Beach.

3 MR. HORTIG: Long Beach has submitted a request for  
4 approval of costs to be extended during this current fiscal  
5 year on the Town Lot Area Project. This has been reviewed  
6 by the staff. Some of the data have not been processed  
7 sufficiently to permit consideration of the project for the  
8 entire fiscal year and in its entirety; and, therefore, in  
9 lieu thereof, the prior program has been continued for  
10 approval for the month of July '57 and first half of August  
11 for such expenditures which will be undertaken in connection  
12 with this Town Lot Area Project, as given in detail in the  
13 tabulation on page 38.

14 With respect to this, then, in the standard procedure  
15 for recommendation here it is recommended that the Commission  
16 conditionally approve this project as a subsidence project  
17 and the costs to be expended in July 1957 for property  
18 purchase and areal fill and in August 1957 for force account,  
19 as shown on exhibit attached, with the standard reservations  
20 by the Commission that the amounts to be allowed ultimately  
21 will be determined on an engineering review and audit subse-  
22 quent to the completion of the work -- which means that as  
23 to this area there will be a further study back to the Com-  
24 mission, it is hoped, in the August meeting. It is hoped  
25 this can be included in approval for the full fiscal year  
26 as the majority of the operations have been included.

1 MR. MUGFORD: These are only expenditures estimated to  
2 be made in July and August?

3 MR. HORTIG: That is correct.

4 MR. MUGFORD: What is the full amount?

5 MR. HORTIG: This is the problem. We do not know what  
6 the full amount is, so we couldn't report it at this time.

7 MR. KIRKWOOD: Fourteen million.

8 MR. HORTIG: It's a large one.

9 MR. MUGFORD: Just for this?

10 MR. HORTIG: Could be -- that is, the total cost.

11 MR. KIRKWOOD: Where is this area?

12 MR. HORTIG: It's the total town lot area immediately  
13 in back of the harbor, everything that has to be acquired  
14 and diked and filled in order to bring it up above sea level --  
15 which the city is requiring, that it be brought up to sea  
16 level. When such a project is completed, the Harbor Depart-  
17 ment will be one of the substantial owners of real estate.

18 MR. KIRKWOOD: But in this they are requiring only  
19 this piece?

20 MR. HORTIG: This is necessary at the moment for filling ...

21 MR. POWERS: You gentlemen have anything to say?

22 MR. LINGLE: I believe ..... No, I believe, Mr. Hortig,  
23 they are the same type expenditures you have approved in the  
24 past and you have made a full explanation of them.

25 MR. KIRKWOOD: I move the recommendation.

26 GOV. POWERS: It has been moved and seconded that the

1 Commission approve the Town Lot Area.

2 MR. HORTIC: Page 39, gentlemen -- page 39 and 40,  
3 for which the tabulations on pages 41 to 44 give the detail,  
4 these now being of the type considered by the Commission at  
5 the last meeting, being full fiscal year projects for the  
6 remainder of the fiscal year to June 30, 1958, under the  
7 general projects (as the headings show on Exhibit A) of  
8 work on Pier A, roads and streets, Pier F, Pier G. Those  
9 are the projects. Now, these are recommended for the full  
10 fiscal year in the total amounts given on the tabulation,  
11 subject to the standard reservation that the amounts allowed  
12 ultimately for subsidence costs will be determined by the  
13 Commission by engineering review and final audit at the time  
14 any of these items is completed; that the work conforms  
15 essentially to the details submitted to the Commission; and  
16 the Executive Officer, Assistant Executive Officer, or the  
17 Mineral Resources Engineer be authorized to execute appropriate  
18 written instruments reflecting the Commission's conditional  
19 approval. Approximately nine projects of this type have  
20 been approved by the Commission at prior meetings, Mr.  
21 Mugford.

22 MR. KIRKWOOD: This is the same language.

23 GOV. POWERS: It has been moved by Mr. Kirkwood, seconded  
24 by Mr. Mugford that this approval be granted. All in favor?  
25 (Aye) So ordered. Now, Let's see, on many of these items  
26 that takes in one year?

1 MR. HORTIG: To June 30, 1958 on each one of these  
2 projects, Governor.

3 GOV. POWERS: All right.

4 MR. HORTIG: Page 57. GOV. POWERS: 57?

5 MR. HORTIG: Right. Page 57 reports on a portion of  
6 the Pier A project not included in the Pier A project as you  
7 gentlemen approved it on page 41, an item which was removed  
8 at that time for separate discussion. Here is a matter of  
9 replacement of a Harbor Department Administration<sup>Building</sup>, which  
10 is now down behind a levee ultimately. It definitely will  
11 have to be replaced. It is contemplated to be replaced by  
12 the Harbor Department at a new location and on a larger  
13 scale; and the staff have not yet -- of Lands Division --  
14 have not yet been able to complete studies of the Harbor  
15 Department as to the ultimate location, desirable location,  
16 of this building. There are some desirable sites physically  
17 and in connection with the administration problems of the  
18 harbor, but they may be sites that involve more subsidence  
19 than other sites and, therefore, are going to have to be  
20 evaluated carefully in order to be sure that the project  
21 the Commission approves will have the minimum reasonable  
22 subsidence elements in it and therefore at a minimum reason-  
23 able cost to the State. Therefore, rather than approve  
24 for the full fiscal year, it is being recommended that the  
25 engineering force account and architect's fees as proposed  
26 to be expended in July '57 and August '57 for this project

1 be approved, during which time also there will be further  
2 study as to the actual site. The engineering force account  
3 fees are necessarily going to have to be expended to evaluate  
4 the present proposed site further, as to whether it is  
5 economical and, engineering-wise, the most feasible site.  
6 They are going to be in major part transferable, whether  
7 located at this site or another site.

8 GOV. POWERS: This is a conditional approval.

9 MR. KIRKWOOD: No problem?

10 MR. LINGLE: On this particular one, we are happy to  
11 accept the approval as it is made. However, as to some of  
12 the language, we do not believe that there was a problem as  
13 to whether our Harbor Department Board will determine the  
14 ultimate policy or whether we are subject to review as to  
15 the placement and the location of some of these operations.  
16 As the trustee, perhaps they should decide where the most  
17 feasible and economical way to operate that harbor would  
18 be, and as to the particular items when they are placed  
19 then perhaps the subsidence problem should be determined;  
20 but as to whether or not a particular project or building  
21 should be subject to your ultimate consideration as to  
22 where it's going to be placed down there, we aren't prepared  
23 to advocate that and agree with you that you would have the  
24 power of veto as to where any project should be. In some  
25 aspects, a trustee is not permitted and doesn't have any  
26 necessary protection in abiding by the wishes of the

1 beneficiary. We believe it is our job and our responsi-  
2 bility to determine how that harbor is to be operated and  
3 where the various harbor facilities are to be placed.

4 MR. KIRKWOOD: Let's ask for Mr. Friedman's comment on  
5 that.

6 MR. FRIEDMAN: You have here a little bit of statutory  
7 variation on this ordinary trustee theory. Where the State  
8 is being asked to share the cost of the project in the form  
9 of subsidence costs, the Commission has statutory power to  
10 approve; and power of approval necessarily carries with it  
11 power of disapproval. I think it would be our position that  
12 as long as State money is going in here, the Lands Commission  
13 has veto powers upon the location of the project where the  
14 State money is being invested. If there is no State money,  
15 strictly a matter of Long Beach operations as trustee for  
16 harbor purposes, then we have a somewhat different question.  
17 So I see that we do not ... we have a little bit of conflict  
18 at that point if the matter comes to actual division of  
19 views.

20 MR. HORTIG: I may suggest in this particular instance  
21 we have a clear cut case where there is a subsidence element,  
22 where the State would participate; and it is simply on that  
23 basis we have been reviewing it. Assuming we have no con-  
24 trol over one hundred percent of the building, unfortunately  
25 our subsidence goes along with the building, so as soon as  
26 we talk about the foundation of the building we are talking

1 of the entire project.

2 MR. KIRKWOOD: Your feeling is, Leonard, we need the  
3 language we do have in it?

4 MR. FRIEDMAN: Yes.

5 MR. KIRKWOOD: And if the day just comes that Long Beach  
6 disapproves of that language and makes an issue of it,  
7 presumably there will be conferences and an issue made.

8 MR. FRIEDMAN: Yes, such matters are usually settled  
9 over the conference table or go to court.

10 MR. MUGFORD: On the particular project, there is a  
11 possibility that there would be a meeting of minds as to  
12 location so this conflict wouldn't arise?

13 MR. LINGLE: As to the particular item, as Mr. Hortig  
14 I think has expressed it, the engineering has to be done  
15 anyway on this matter. If your approach was successful and  
16 ours was not successful, it still isn't wasted money so far  
17 as the State is concerned.

18 GOV. POWERS: In other words, we agree on this.

19 MR. KIRKWOOD: I move the approval of the recommendation.

20 GOV. POWERS: Moved that the recommendation be granted.

21 No objection? Approval is granted to the item. All right,  
22 then, what have we next?

23 MR. KIRKWOOD: 56, we skipped it.

24 GOV. POWERS: 56 -- Santa Barbara County.

25 MR. HORTIG: Application has been received from the  
26 Signal Oil and Gas Company to conduct geological explorations

1 From mobile marine equipment during the period July 15,  
 2 1957 to January 15, 1958, on the area held by the applicant  
 3 under Oil and Gas Lease P.R.C. 208.1, Santa Barbara County.  
 4 Therefore, it is recommended that the Commission authorize  
 5 the Executive Officer to issue to Signal Oil and Gas Company  
 6 a geological survey permit for the requested period, subject  
 7 to all the normal conditions for operation and furnishing  
 8 of data as are required by the lease held by the lessee.  
 9 This permit is needed simply because the lease in itself  
 10 doesn't permit mobile marine equipment. Its original terms  
 11 permit drilling only from upland or filled lands. This is  
 12 analogous to permits the Commission has heretofore issued  
 13 at Monterey, Huntington Beach ...

14 MR. KIRKWOOD: I move that.

15 GOV. POWERS: It has been moved that the recommendation  
 16 be granted.

17 MR. HORTIG: 57 is already taken care of.

18 GOV. POWERS: 59?

19 MR. HORTIG: We may pass 59 for the moment. A gentle-  
 20 man who might want to represent the applicant is on that  
 21 late plane. I had a phone call from him. Page 60.  
 22 The Construction Aggregates Corporation already hold from  
 23 the State Lands Commission a mineral extraction lease to  
 24 remove sand from Point Knox, Presidio and shore areas in  
 25 San Francisco Bay. The same corporation is now applicant  
 26 for Commission consideration for offering an additional area

1 of 239 acres in the Bay for removal of the sand. This type  
2 of project is recommended by the Corps of Engineers because  
3 if there is private removal of the sand, it isn't necessary  
4 that Federal funds be expended to maintain the navigation  
5 channels. It is recommended that the Commission authorize  
6 the Executive Officer to offer for lease pursuant to public  
7 bidding, for removal of sand ....

8 MR. KIRKWOOD: Do they bid on the basis of the amount  
9 per yard?

10 MR. HORTIG: Yes. The specified minimum is 3¢ -- 3¢  
11 per cubic yard; and, as a matter of fact, the current lease  
12 is at 3¢ per cubic yard.

13 MR. KIRKWOOD: I move it.

14 GOV. POWERS: It has been moved that the authorization  
15 be granted and that shall be the order.

16 MR. HORTIG: At this moment I will pass page 61 to 65 --  
17 skip from 61 to 65. On November 30, 1955, the Commission  
18 directed a request to the Attorney General to commence  
19 appropriate action to clarify the State's interest in an  
20 area of tide and submerged lands quitclaimed to the State  
21 by the City of Long Beach by deed of October 15, 1932,  
22 these lands having originally been granted to the city by  
23 the State. In accordance with this request, the Attorney  
24 General has prepared a Complaint for Declaratory Relief to  
25 acquire title to the said lands. On October 10, 1955, the  
26 staff had reported, in part, as to producing wells and threat

1 of drainage to adjacent areas. On that basis, such lands  
2 are to be offered for oil and gas lease. The number of wells  
3 has been increased to 22 and additional geological data  
4 has supported the conclusion that the submerged lands adjoin-  
5 ing the existing offshore oil and gas lease should be offered  
6 for lease under the Public Resources Code. It is recommended  
7 that the Commission determine that it is desirous of offering  
8 for lease for extraction of oil, gas and other hydrocarbon  
9 substances the lands in question and the Attorney General  
10 be authorized to proceed to quitclaim to the State of Cali-  
11 fornia by the City of Long Beach, by deed of October 15, 1932,  
12 said lands having been originally granted to the City of  
13 Long Beach by the State of California.

14 MR. KIRKWOOD: We need this further action?

15 MR. HORTIG: It was suggested in view of the lapse of  
16 time.

17 MR. KIRKWOOD: How much lapse of time is there going to be?

18 MR. HORTIG: I have been told the action would be filed  
19 forthwith if the Commission authorizes it.

20 MR. KIRKWOOD: I move the recommendation.

21 GOV. POWERS: It has been moved that the recommendation  
22 be approved.

23 MR. KIRKWOOD: Is this one that can be moved along, Jay?

24 MR. SHAVELSON: Mr. Kirkwood, I don't see any reason why  
25 it shouldn't. The factual areas are limited. They are sub-  
26 stantial but not of tremendous complexity and it is largely

1 a legal question of interpreting this deed. I don't see  
2 why it shouldn't go along fairly fast.

3 GOV. POWERS: The recommendation is granted then.

4 MR. HORTIG: Page 66. Lease was previously issued  
5 under executive authority, confirmed by the Commission, for  
6 maintenance of a dock facility in the Klamath River, adjacent  
7 to the City of Klamath. The dock was never constructed.  
8 In the floods of last year, the lessee reports he lost every-  
9 thing. It is recommended that the lease be terminated at  
10 this meeting, in order that another anniversary rental date  
11 not roll around on August 4, 1957, creating another charge  
12 on the books.

13 MR. KIRKWOOD: I move the recommendation.

14 GOV. POWERS: Moved and seconded that the recommendation  
15 be approved.

16 MR. KIRKWOOD: Are the rest of the items subject to the  
17 people on the plane? MR. HORTIG: Yes.

18 MR. MUGFORD: Frank, Everett Horn mentioned one item  
19 that was supposed to be on this calendar with reference to  
20 Colorado River submerged lands. This Wild Life Board is  
21 interested. I think he had asked for the wrong action.  
22 What he really wanted was his lands to be withdrawn from  
23 sale. Did he get in touch with you?

24 MR. HORTIG: No sir, but the Commission took action the  
25 last meeting with respect to making these lands available.

26 MR. SMITH: I think this is another. They recently filed

1 a second application. There is no request that the item  
2 be withdrawn.

3 MR. MUGFORD: It is not in this calendar, then.  
4 Someone got .....

5 GOV. POWERS: We have Mr. Jack Schrade, Assemblyman  
6 from San Diego. We are very glad to have you here with us.  
7 Is there anything .....

8 MR. SCHRADE: No, just a spectator.

9 MR. KIRKWOOD: Mr. Chairman, we have until eleven  
10 before we can discuss these other items. There are a  
11 couple of things that have come up in the interim that I  
12 think I should report on. One involves action by the  
13 Commission. The Chairman and I, I think it was on the 27th  
14 of June, sat down with Colonel Putnam -- we had been con-  
15 cerned and had discussed with him the problem of his health  
16 and his ability to conduct the very vigorous program of  
17 the Lands Commission at this time. At that discussion the  
18 Colonel indicated that he would present at this meeting his  
19 resignation, that he felt that reasons of health would pre-  
20 vent him from continuing as Executive Officer. Actually,  
21 since that time his health has not improved and this morning  
22 he is not able to be present and we don't actually have a  
23 formal resignation before us. However, I am sure that it  
24 was his desire to terminate his activity as Executive Officer  
25 of the Commission and I think that the only way to formalize  
26 that is to adopt a motion, which I would make, that we

1 terminate his authority as Executive Officer of this  
2 Commission.

3 GOV. POWERS: Mr. Kirkwood then moves that this termina-  
4 tion be as of this date.

5 MR. MUGFORD: I second the motion. It's with the  
6 understanding, is it not, Mr. Kirkwood, that the Colonel  
7 intends to retire?

8 MR. KIRKWOOD: That's right.

9 MR. MUGFORD: He is eligible for retirement?

10 MR. KIRKWOOD: That's correct.

11 GOV. POWERS: You have heard the motion as stated by  
12 Mr. Kirkwood that we terminate the services of Colonel  
13 Putnam as of this date. All in favor?

14 MESSRS. KIRKWOOD AND MUGFORD: Aye.

15 GOV. POWERS: Unanimously adopted.

16 MR. KIRKWOOD: As a sequel to that, I think we need  
17 immediately, with the problems that are before us, to have  
18 an acting Executive Officer. Frank Hortig is the logical  
19 person to move into this spot and I would move that Frank  
20 Hortig be appointed as the acting Execut ive Officer and  
21 it's my understanding that that confers on him the full  
22 powers and responsibility of the Executive Officer.

23 GOV. POWERS: You want to include that in the motion?

24 MR. KIRKWOOD: Yes.

25 GOV. POWERS: Mr. Kirkwood moves that Mr. Hortig be  
26 appointed as acting Executive Officer, with full authority

1 of the Executive Officer. Is that correct?

2 MR. KIRKWOOD: Correct.

3 MR. MUGFORD: Second it.

4 GOV. POWERS. Seconded, unanimously adopted.

5 MR. KIRKWOOD: The other matter that I might mention,  
6 and maybe Jeff is more familiar with it than I, we have  
7 discussed the possibility of obtaining the services of con-  
8 sultants to this Commission; and the Colonel and Frank had  
9 made recommendations to us on a number of individuals who  
10 serve as consultants. The Commission members have discussed  
11 this back and forth individually and I think are in agreement  
12 that what we want to have is two men with geology and engi-  
13 neering experience and one from a law firm who has actively  
14 represented landlords in the presentation of oil leases.  
15 It is my understanding that just before he left Thursday  
16 Mr. Peirce did write to a number of these individuals, all  
17 of them people outside of California who have not had  
18 direct connection with the offshore problem here in Cali-  
19 fornia, but they are nevertheless fully experienced in this  
20 general type of operation and general field, asking as to  
21 their availability for immediate service, indicating gener-  
22 ally the problems that we have and forwarding AB 47 and the  
23 Shell-Cunningham Act to them so they would have it before  
24 them, and asking for a response so that we could perhaps  
25 interview them in the very near future and get moving. I  
26 would just give that as a report on the current situation,

1 as I understand it, on this Board of Consultants. Is that  
2 correct?

3 MR. MUGFORD: Yes. I don't know how many he has  
4 written to, but quite a number of prospective consultants.

5 GOV. POWERS: Any comment from anyone present here  
6 regarding this? Well, we will just wait until eleven  
7 o'clock until these people arrive.

8 MR. KIRKWOOD: Want to take a recess?

9 GOV. POWERS: I assume we might as well be at ease  
10 until eleven o'clock.

11 (Short recess)

12 MR. HORTIG: Page 45.

13 GOV. POWERS: Somebody better notify Jeff. We told him  
14 eleven o'clock. (Mr. Mugford arrived). All right, we are  
15 all in order again and I guess we will refer to page ....

16 MR. SMITH: 45.

17 GOV. POWERS: We have got Mr. Swede Nelson here. Do  
18 you wish to come up here?

19 MR. NELSON: Fine, thank you.

20 GOV. POWERS: We would be glad to have you join us  
21 right up here.

22 MR. HORTIG: If the Commission please, in summary ....  
23 the State Lands Commission undertook an exchange of lands  
24 for the ultimate benefit of the State Division of Forestry  
25 many years ago. There are attached summary tabulations of  
26 everything in the files of the State Lands Division. This

1 does not give a complete picture for the present staff to  
 2 make what is felt to be the necessary and required recom-  
 3 mendation under the act with respect to the lands. There-  
 4 fore, the staff had recommended that the Commission direct  
 5 a partial reconnaissance of land values involved in this  
 6 affair, in order to determine whether a full review should  
 7 be undertaken or whether the action should be processed as  
 8 it is reported in the files to date.

9 On the contrary side, there certainly is the equitable  
 10 and completely appropriate argument, which I feel the  
 11 Director will present in greater detail, that as of the  
 12 original negotiations with respect to this proposed exchange  
 13 there is a firm commitment in effect between the Lands Com-  
 14 mission and Forestry and, therefore, the exchange should  
 15 proceed and the lands should be transferred to Division of  
 16 Forestry as originally contemplated. These are the horns  
 17 of the dilemma on which the staff would appreciate a ruling  
 18 from the Commission and elect the one that we are going to  
 19 ride out.

20 GOV. POWERS: Your recommendation on this is on page  
 21 46? It's ...

22 MR. HORTIG: It is on page 47, carried over on to 47,  
 23 which boils down to an authorization for a partial review  
 24 of the values to determine whether a full review is necessary.  
 25 In other words, this would be a selective reconnaissance  
 26 review of the values, in that we have a problem of maintaining

1 maximum values because these were lands given to the State  
2 for school trust purposes and certification must be made  
3 as to the value of this land; and if there are no large  
4 scale divergences at that point, then the original trans-  
5 action could proceed. On the other hand, our information  
6 from the Director of Natural Resources seriously questions  
7 whether Forestry would want to proceed if it is necessary  
8 to transfer these lands at an enhanced value at this late  
9 date, if the lands cannot be transferred on what is a com-  
10 mitment years ago. Mr. Nelson, do you want to comment on  
11 that?

12 MR. NELSON: Yes. Mr. Chairman and members of the  
13 Commission, Mr. Hortig has commented that this is a commit-  
14 ment with Forestry entered into some years ago. It dates  
15 back ten years, which is a long time getting a matter con-  
16 summated; but it indicates to me what difficulty we would  
17 be up against if we started all over again. We could be  
18 another ten years.

19 In 1947 we discussed this and in 1948 an agreement was  
20 entered into; and that same year, recognizing the desire of  
21 people to acquire lands and property, the Board of Forestry  
22 requested that these lands be kept open for a year for sale  
23 and that was done. In fact, instead of being kept open for  
24 a year, they were kept open for two years and the lands in  
25 question did not move during that time. After that, we did  
26 go back and reappraise the lands in question, both the

1 school lands and the Forest Service exchange lands. Now,  
2 maybe I should give a little background on this exchange.  
3 The object of this exchange was to consolidate State holdings  
4 and to clean up a lot of scattered parcels of State lands  
5 scattered all over some twenty counties, parcels ranging  
6 from very small to fairly good sized units, and the Com-  
7 mission here is actually making an exchange with the Forest  
8 Service for Forest Service lands in and around our Mountain  
9 Home State Forest, so that those lands then could be placed  
10 under management rather than being scattered all over the  
11 State, with little or no administrative management as I  
12 understand it, and we then would have a Forest unit there  
13 at the Mountain Home State Forest that would be a much more  
14 economical sizeoperation.

15 In 1950 we reappraised both the State and Federal lands  
16 that are involved and those were accepted -- the appraisals  
17 were accepted -- and after many, many negotiations between  
18 the Lands Commission, Division of Forestry, and the Forest  
19 Service, we finally got the exchange off the ground. It  
20 took some time to get the proposal approved by the various  
21 county boards of supervisors, that is of the counties in  
22 which the school lands were located, and there were three  
23 dissenting counties -- Siskiyou, Trinity and Tehama -- so we  
24 had to reorient ourselves again and exclude those and we  
25 picked up some more parcels down in the Cleveland National  
26 Forest and added those to the program and had to adjust

1 boundaries all the way through. Then, after the Forest  
2 Service had finally gotten its clearance through channels,  
3 then the whole thing had to go to the Bureau of Land Manage-  
4 ment, Department of the Interior, for clearing through  
5 there, and that was finally accomplished in May of 1956,  
6 last year. Then, even after that, there were some problems  
7 that came up on some unsurveyed parcels and mineral claims --  
8 I guess those were in the Mountain Home area. It looked  
9 like we were ready to consummate the exchange at that time  
10 but in January of this year we were informed that the staff  
11 of the Lands Commission had some question as to the values  
12 of the exchange.

13 Now, I think we have got to recognize, all we are doing  
14 is trading values here and we are all familiar with the  
15 ascending values, no matter where they are situated in Cali-  
16 fornia or whose land they are. So I think any change in  
17 values is going to be relative on both the exchange and the  
18 accepted lands and under our computations we figure that  
19 there is a \$38,000 margin of safety; that is, the lands  
20 being secured are appraised at \$38,000 more than the lands  
21 that are being given, and we believe that if we had to go  
22 back through this whole process again, when you came to the  
23 final roundup you would be right where you are today because  
24 we are not dealing with a static situation.

25 GOV. POWERS: In other words, your contention is that  
26 as values have gone up on one parcel of land, they have gone

1 up on the other.

2 MR. NELSON: That is right. We know that the values of  
3 the timber involved on the lands that are being acquired in  
4 the Mountain Home area -- we can get as good a price for the  
5 stuff as at the time of the appraisal; and undoubtedly the  
6 same could be accomplished on the same scattered school lands  
7 and all of the scattered school lands are not timber by any  
8 means.

9 MR. MUGFORD: What is the basis for this statement that  
10 you have got a \$38,000 margin?

11 MR. NELSON: The acreage involved, there are 16,652  
12 acres of State lands for 3,899 acres of Forest Service land.  
13 The volume of timber is 61,000,000 on State and 39,000,000  
14 on Forest Service. The appraised value is \$295,745 for the  
15 State lands at various values, and the value appraised for  
16 the Forest Service lands is \$334,401.

17 MR. MUGFORD: Appraisal figures?

18 MR. NELSON: Appraisal figures.

19 MR. MUGFORD: Ten years ago.

20 MR. NELSON: 1950.

21 MR. MUGFORD: You concur?

22 MR. HORTIG: As to that, of course, this is part of our  
23 problem, that we do not have in our files the clear cut  
24 expression that could be given to the Commission now, that  
25 the Commission was given on the lands at the time these  
26 appraisals were made. We have had such a lapse since, because of

1 title conflicts, etc. which Director Nelson has outlined.  
2 Conversely, if we do not have Commission confirmation at  
3 this time and effectively start over, then logically we  
4 would have to assess parcels at current prices today and,  
5 as the Director has indicated, it could result in another  
6 ten years' operation. We would never get off this merry-go-  
7 round.

8 MR. MUGFORD: Wouldn't it be reasonable to assume that  
9 both the Federal and State lands would enhance in value at  
10 about the same rate?

11 MR. HORTIG: For comparable land, obviously they would,  
12 Mr. Mugford. Whether there is complete comparability, I  
13 don't know if that is in this. That would be one of the  
14 items to determine on appraisal. Appraising is not an exact  
15 science, as you gentlemen know, and we could get into diffi-  
16 culties on analysis as to whether this project has doubled  
17 as other State interests other than the ones with the State  
18 Lands Division has in these lands; and the Division of  
19 Forestry wouldn't be interested in the acquisition.

20 GOV. POWERS: The only fact that would make a differen-  
21 tial in the exchange now would be a factor of timber going  
22 up proportionately greater than land values. That would  
23 be the only thing.

24 MR. NELSON: That would be the primary thing.

25 MR. HORTIG: We have another problem. The State school  
26 fund would be affected.

1 MR. KIRKWOOD: What is the problem here? I have  
 2 difficulty figuring out just what we are talking about.  
 3 I didn't have a chance to read this whole item this morning.  
 4 Are we talking in terms of the amount Forestry would have  
 5 to pay us for these lands?

6 MR. HORTIG: Yes.

7 MR. KIRKWOOD: The amount of lands that Forestry would  
 8 acquire would remain the same?

9 MR. HORTIG: Right.

10 MR. KIRKWOOD: We are also talking about our having to  
 11 give up less lands in order to get these lands that Forestry  
 12 wants?

13 MR. HORTIG: There were some small areas of concern  
 14 whether on the appraisal, relative assessment of values, as  
 15 Mr. Mugford indicated, whether both classes of land were  
 16 completely comparable so there were comparable increases in  
 17 both types, or whether one had increased faster than the  
 18 other because of difference in classification. Our problem  
 19 is we have a commitment as of the time of this original com-  
 20 mitment; or are we at the initial negotiation stages on this  
 21 operation, under which circumstances the Director of Natural  
 22 Resources has indicated by letter that Forestry is no longer  
 23 interested

24 GOV. POWERS: Your recommendation is, Mr. Hortig, that  
 25 this time be extended to June 30, '59?

26 MR. HORTIG: To permit this partial .....

1 GOV. POWERS: You want to make a partial review?

2 MR. HORTIG: This is a staff recommendation I inherited.  
3 However, I am leaning toward the direction as of this time,  
4 as Mr. Nelson has suggested, that we have Commission con-  
5 firmation that the deal between the Land Commission and the  
6 Wild Life Board was consummated at the time of the original  
7 proposal.

8 MR. KIRKWOOD: Mr. Nelson, I don't think you are aware  
9 of the fact that Colonel Putnam is retiring and Frank has  
10 been named as acting Executive Officer of the Commission . . .

11 MR. NELSON: Congratulations.

12 MR. KIRKWOOD . . . and I do not know whether or not you  
13 would want Frank to review this recommendation and present  
14 it to us again at the next meeting, rather than ask us to . . . .

15 MR. HORTIG: May I suggest that procedure?

16 MR. NELSON: I think that might be well.

17 GOV. POWERS: Under the circumstances, I think that  
18 would be very good.

19 MR. NELSON: I think we must consider this, too, that  
20 possibly we two aren't the only ones involved in this. If  
21 it is going to be dragged out, I am not sure the Forest  
22 Service will want to carry on.

23 MR. MUGFORD: One meeting . . . .

24 MR. HORTIG: Better delay it one meeting and get our  
25 feet under us.

26 GOV. POWERS: Under the circumstances, I think it is

1 probably better that you go through this, Mr. Hortig, and  
2 report back next meeting. No use delaying it longer than  
3 that.

4 MR. NELSON: That will be fine. O. K. Thank you.

5 GOV. POWERS: Now, we have some gentlemen who have just  
6 arrived here. Which item now?

7 MR. HORTIG: Apparently we drew a blank on attendance  
8 on one item, so we can take it now.

9 GOV. POWERS: What item was that?

10 MR. HORTIG: Page 59, gentlemen.

11 GOV. POWERS: Page 59.

12 MR. HORTIG: An application has been received from the  
13 Palos Verdes Corporation and Capital Company, owners of the  
14 adjoining upland, to construct a sea wall on tide and sub-  
15 merged lands in the Pacific Ocean in Portuguese Bend, ex-  
16 tending 2,000 feet westerly from the west line of Crenshaw  
17 Boulevard, the land between the sea wall and the upland to  
18 be filled to the height of the sea wall. The purpose of the  
19 barrier is to assist them in preventing landslides in the  
20 upland areas which rise steeply from the shore. Statutory  
21 deposit fees required by regulations have been paid. Under  
22 the Public Resources Code there is provision for the con-  
23 struction proposed, no rental required, the fees to be no  
24 more than required for examination of plans and performance  
25 of duties as may be necessary. It is recommended that the  
26 Commission authorize the granting of permit to the Palos

1 Verdes Corporation and the Capital Company, under the  
2 Public Resources Code, for the construction of a sea wall  
3 and backfill of 23 acres in Portuguese Bend, the final  
4 construction location to be approved by the staff; the  
5 purpose of the project, to assist in protecting the upland  
6 property from landslides. As you gentlemen may be aware  
7 from press reports, the entire Portuguese Bend area has  
8 taken a notion to attempt to slide into the ocean and this  
9 project, in conjunction with projects being considered by  
10 the Board of Supervisors of Los Angeles County, may assist  
11 in alleviating the problem.

12 MR. KIRKWOOD: This only permits the private land  
13 owners to take this action. We are not involved?

14 MR. HORTIG: Yes.

15 MR. KIRKWOOD: Certainly is a problem.

16 MR. HORTIG: This is written as cautiously as it is  
17 in order to point out that there is no warranty that this  
18 will be successful; but it is recommended that the Commission  
19 cooperate with the upland owner, so that he can take all  
20 steps in his defense that he can possibly take.

21 MR. MUGFORD: Certainly.

22 GOV. POWERS: It will be moved, then, that the recommen-  
23 dation be granted? No objection?

24 MR. HORTIG: Page 61. At the last meeting, the Com-  
25 mission suggested an informal opinion of the office of the  
26 Attorney General be requested as to the legal precepts involved

1 in the initiation of any administrative procedures on oil  
2 and gas leases prior to the effective date of A.B. 47.  
3 An informal opinion has been received on the following  
4 question:

5 "Could the Commission proceed at this time with all  
6 procedures precedent to an oil and gas lease offer  
7 under the Public Resources Code in anticipation of  
8 publication of such offer after September 11, 1957,  
9 or are there limitations as to procedures which may  
10 not be initiated prior to September 11, 1957, to be  
11 effective?"

12 Copy of the opinion is attached. The opinion, in summary,  
13 states that prior to September 11, the Commission may issue  
14 permits for geological surveys, may conduct hearings as  
15 provided by the Public Resources Code, may issue notices  
16 as provided by that section prior to such hearings; but the  
17 Commission is advised not to make any decisions prior to  
18 September 11, 1957 and not to proceed with any lease offers  
19 except pursuant to new hearings under the Public Resources  
20 Code. This is in such areas as previously considered by  
21 the Commission, that were previously held under the Code  
22 section that will be modified by A.B. 47. It is recommended  
23 that the Commission authorize the staff to proceed with the  
24 consideration of oil and gas lease offers under the Public  
25 Resources Code in conformance with the limitations outlined  
26 in the opinion of the Attorney General dated July 10, 1957.

By way of further explanation, I wish to state to the  
Commission that it is contemplated that this directive, if  
given by the Commission, would be restricted to staff

1 operations, review, preparation of recommendations for action  
2 by the Commission with respect to oil and gas lease offers  
3 to be considered formally by the Commission on or after  
4 September 11. It is not contemplated that there would be  
5 any presentations to the Commission for formal action prior  
6 to that time, in order to preclude any difficulties or  
7 legal contentions that any improper actions or unauthorized  
8 actions had been taken by formal Commission action having  
9 been taken prior to the effective date of A. B. 47.

10 GOV. POWERS: Do you have any discussion on this, Bob?

11 MR. KIRKWOOD: Well, I'd like to know if the industry  
12 has any comment.

13 MR. HOME: Mr. Chairman, my name is Paul Home, with  
14 Standard of California, and we have some concern, of course,  
15 over the order in which these proceedings are undertaken.  
16 I might say that I have discussed the matter with our  
17 General Counsel. In general, I feel that we are pretty  
18 much of the same opinion as the Attorney General's office.  
19 However, there are certain points there which I feel merit  
20 further consideration and perhaps the greatest of caution.  
21 The State issues these leases without warranty of title.  
22 It's just good business sense to give us the best possible  
23 title when the leases are put up for bid. Our counsel have  
24 advised that they would say positively that it would be  
25 illegal to proceed at this time with such things as a public  
26 hearing similar to those formerly held in Santa Barbara.

1 To do so, it would be hazardous. The question is not free  
 2 from doubt. We are faced with a situation, I think we all  
 3 want to get the show on the road rapidly as possible. On  
 4 the other hand, let's do it in such a fashion that when we  
 5 go we are not faced with delays or suspension of lease offers  
 6 after they have been offered or after the wheels have started  
 7 turning. I feel if we could delay these things such as  
 8 public hearings, official action of any kind, even though  
 9 it be by staff in that sense, until after September 11,  
 10 then there could be no question. We could go with assurance  
 11 at that time that whatever title came out of the matter at  
 12 that time would be a fair title. That's not to say that we  
 13 are not in accord with going ahead. I feel the entire  
 14 industry is in favor of going ahead, doing the things we  
 15 can now, such as preparation of lease forms; preparation of  
 16 forms ultimately issued for call on leases; the area which  
 17 is to be offered, assuming that the public hearings and so  
 18 forth don't change that; preparation of the revised regula-  
 19 tions. There are a variety of things which have to go ahead  
 20 and which can go ahead at this time, but I do urge that we  
 21 do not go so far as to hold public hearings, take official  
 22 action of any kind which could subsequently perhaps delay  
 23 us still further.

24 MR. KIRKWOOD: Mr. Chairman, could I ask one question?

25 GOV. POWERS: Yes.

26 MR. KIRKWOOD: I would be in agreement -- I don't think

1 we want to run any risks on this. I would like to ask you  
2 this ... I would feel much happier on these lease procedures  
3 if we could get our consultant group together and let them  
4 take a look and bolster the opinions of the staff before we  
5 take final action on offering any particular parcel for  
6 lease ... Do you have any doubt, under the amendments, that  
7 we could hold the hearings -- in other words, we were talking  
8 previously of 55,000 acres there off Santa Barbara County --  
9 if we wanted to start out with a notice of hearing covering  
10 the whole 55,000 acres, that thirty days after this hearing  
11 we would be able to cut that back to certain parcels within  
12 that 55,000 acres? Does your counsel feel that we have to  
13 start with a notice describing a particular parcel as the  
14 land and only that land?

15 MR. HOME: I can only answer, Mr. Kirkwood, the law  
16 has not changed that aspect of the hearings. It has changed  
17 with respect to the size of parcels and the removal of the  
18 minimum size.

19 MR. KIRKWOOD: There was some question, as I recall,  
20 and I thought it was cleared up by the amendments, as to  
21 whether those hearings we could hold be for any other than  
22 protection of residential property, recreation use .....

23 MR. SHAVELSON: I believe that is cleared. In other  
24 words, the prior language said that the Commission shall  
25 within thirty days determine to lease unless it find a  
26 detriment to the shoreline development. It now says that

1 in not less than thirty days the Commission shall determine  
2 whether or not to lease, and in making that determination  
3 shall consider the effect on the shoreline, among other  
4 matters. I think that does make it clear that the Commission  
5 by holding a hearing doesn't exhaust its discretion. It  
6 would seem that if the hearings were held as to a larger  
7 area, the lease could be issued as to a smaller area. As  
8 a matter of fact, that's specifically taken care of.

9 MR. KIRKWOOD: That was my recollection, that that part  
10 had been cleared.

11 MR. SHAVELSON: But I do think -- I do not know whether  
12 I followed you exactly -- but I do feel that there must be  
13 a definite specification of a proposed area in the notice.  
14 I mean it has to be very definitely stated what the area is  
15 to be. That isn't to say they couldn't decide upon a  
16 lesser area.

17 MR. KIRKWOOD: The first time around we put out the  
18 whole 55,000 on the notice. Then when we asked for, invited  
19 bids, we cut out every other 55 acres. Now, here we might  
20 want to put it out differently. I don't know what the  
21 recommendations are going to be this time but that sort of  
22 start, I know, would be permitted without jeopardizing the  
23 whole setup. That was one thing I wanted to be clear on.  
24 If we could mold within an offer after we started ....

25 MR. HOMES: I can only say, Mr. Kirkwood, my counsel  
26 were of the opinion that the procedure you followed before

1 was not subject to criticism.

2 MR. KIRKWOOD: I believe there was some difference of  
3 opinion.

4 MR. HOMES: At the present I am sure they would feel  
5 the same way.

6 GOV. POWERS: Is there any further comment from any  
7 gentleman here?

8 MR. GARDNER: My name is William R. Gardner, Humble Oil  
9 and Refining. I would like to ask one question on this  
10 matter of timing, Mr. Hortig. If we did wait until after  
11 September 11 before we took any action at all, how much time  
12 would we actually lose, Frank? What are we talking about in  
13 time?

14 MR. HORTIG: As a maximum, the difference between today's  
15 date and September 11th.

16 MR. GARDNER: About 55 days.

17 MR. HORTIG: That's the maximum. This isn't the  
18 practical situation because patently no one is ready as of  
19 today or would be ready to present a recommendation to the  
20 Commission for giving notice to a county. Assuming we were  
21 to proceed and do that for the August meeting, then the  
22 difference in time would be the difference between the August  
23 meeting and September 11, or roughly thirty days. That's  
24 the maximum amount of time we are discussing.

25 MR. GARDNER: Do you contemplate having the Commission  
26 actually take some action at the August meeting to send

1 notice to the cities and counties?

2 MR. HORTIG: Under the basis of our current recommenda-  
3 tion, no. In other words, the first time the Commission  
4 would be faced with a conclusion on whether or not to issue  
5 notices and on what specific areas, it would be contemplated  
6 as a matter of staff recommendation at the September meeting  
7 and would be after September 11.

8 GOV. POWERS: Anything further?

9 MR. KIRKWOOD: You don't want any formal action on  
10 this today, Frank?

11 MR. HORTIG: We really don't require it.

12 GOV. POWERS: Well I guess there is nothing further.  
13 Is there anything further, Mr. Hortig?

14 MR. HORTIG: No sir. I note the representative for the  
15 Palos Verdes Corporation just arrived real late, and can  
16 inform him his item has been granted and the authorization  
17 has been approved.

18 VOICE: Thank you. I had a little tough luck on the  
19 United Air Lines this morning.

20 GOV. POWERS: If there is nothing further to come before  
21 the Commission, we will be adjourned.

22 MEETING ADJOURNED 11:30 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing is a full, true and correct transcript of the shorthand notes taken by me at the meeting of the STATE LANDS COMMISSION on Monday, July 15, 1957 at Sacramento, California.

Dated July 16, 1957.

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